

Message Text

LIMITED OFFICIAL USE

PAGE 01 PARIS 07539 151737Z
ACTION EUR-12

INFO OCT-01 EA-07 IO-13 ISO-00 SP-02 USIA-06 AID-05 EB-08
NSC-05 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04
SIL-01 /100 W
-----160503Z 042785 /21

R 151655Z MAR 77
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 0605
INFO AMEMBASSY BONN
AMEMBASSY ROME
AMEMBASSY LONDON
AMEMBASSY TOKYO
USDEL MTN GENEVA
USMISSION EC BRUSSELS
USMISSION OECD PARIS
AMCONSUL BORDEAUX
AMCONSUL LYON
AMCONSUL MARSEILLE
AMCONSUL NICE
AMCONSUL STRASBOURG

LIMITED OFFICIAL USE PARIS 07539

PASS TREASURY, COMMERCE, FEDERAL RESERVE

E. O. 11652: N/A
TAGS: EFIN, FR
SUBJECT: INITIAL BOURSE REACTION TO MUNICIPAL ELECTIONS

1. SUMMARY: THE FOREX MARKET AND MONEY MARKET
INDICATED VIRTUALLY NO INITIAL REACTION TO THE MUNICIPAL
ELECTIONS, WHILE THE STOCK MARKET WEAKENED.
IN GENERAL SHORTER POSITIONS IN FOREX AND MONEY MARKETS
APPARENTLY ALREADY HAD DISCOUNTED ANTICIPATED RESULTS
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARIS 07539 151737Z

WHILE LONGER TERM, REFLECTED IN STOCKS, REACTED
NEGATIVELY ON INITIAL IMPRESSION OF CONSOLIDATION
OF THE LEFT'S ELECTORAL GAINS OF RECENT YEARS.
END SUMMARY
2. FOREX MARKET RATES VIRTUALLY UNCHANGED WITH NO
SIGN IN MORNING TRADING OF OFFICIAL INTERVENTION
DESPITE SOME WEAKNESS AND INTERVENTION, MAINLY IN

SWISS FRANCS, AT THE END OF LAST WEEK. NO FOREX
RATES INDICATIVE OF SPECULATION, NEITHER SUISSE
VERSEMENT NOR EUROFRANC, HAVE SHOWN CHANGE. MONEY
MARKET RATES ALSO UNCHANGED.

3. THE STOCK MARKET SLIPPED AGAIN. BEFORE THE
ELECTIONS THE INDEX HAD DECLINED TO A POINT WHERE
THE RATE OF RETURN (CURRENT SHARE PRICES OVER
RECENT AND PROSPECTIVE DIVIDENDS) FOR OVER TWENTY
MAJOR FRENCH FIRMS IS NOW IN RANGE OF 10 TO 12 PERCENT,
OR ROUGHLY EQUIVALENT AND IN MANY CASES
SUPERIOR TO RETURN ON FIRST CLASS CORPORATE MEDIUM
TERM BOND ISSUES (GENERALLY BETWEEN 10.5 AND 11.5
PERCENT). DESPITE THIS MARKET VOLUME IS VERY THIN
AND SHARE PRICES WEAKENED MORE OR LESS ACROSS THE
BOARD TODAY. EVEN THOUGH PROFIT POTENTIALS OF
MOST FRENCH FIRMS ARE NOT PARTICULARLY PROMISING
AND REPRESENT THE UNDERLYING REASON FOR THE CONTINUOUS
AND SUBSTANTIAL RUN-DOWN OF SHARE PRICES, THE STOCK
MARKET PRESENTLY OFFERS INVESTORS A VERY FAVORABLE
RATE OF RETURN, COMPARED TO OTHER MONEY MARKET
INSTRUMENTS. THE LACK OF INTEREST IN SUCH A
BARGAIN CAN ONLY BE EXPLAINED BY INVESTOR RELUCTANCE
OWING TO POSSIBLE POLITICAL DEVELOPMENTS. SENTIMENT
COULD CHANGE BUT INITIAL INVESTOR REACTION TO THE
MUNICIPAL ELECTION CLEARLY HAS BEEN NEGATIVE.
GAMMON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS, ELECTION RESULTS, SECURITIES MARKETS, POLITICAL SITUATION, PROVINCIAL ELECTIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 15-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977PARIS07539
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770089-0649
Format: TEL
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770358/aaaabzeg.tel
Line Count: 88
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 0720f8b7-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 25-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3103942
Secure: OPEN
Status: NATIVE
Subject: INITIAL BOURSE REACTION TO MUNICIPAL ELECTIONS
TAGS: EFIN, PINT, FR
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/0720f8b7-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009